Zambia Institute of Banking & Financial Services

BANKING AND FINANCE DIPLOMA

BF240: BANKING OPERATIONS, LENDING AND INTERNATIONAL BUSINESS

14th DECEMBER 2022 **(09:00 – 12:00 hours)**
Time Allowed: 3 hours

ZIBFS

INSTRUCTIONS TO CANDIDATES

1. Answer question One (1) and any other Three (3) questions in Section A and any Two (2) for Section B.

   The number in brackets after each question or part of a question shows the Marks allotted.

2. Answers in listed note form are acceptable where appropriate, provided they Clearly and logically presented, and the points made are adequately developed.

   You are reminded that orderly presentation and clear handwriting are essential in your answer.

3. Silent non-programmable calculators only may be used in this examination.
   Whether or not you use a calculator, it is in your interest to show your Calculations.

4. No books, papers or any other aids may be used in this examination

SECTION A

Answer Question One (1) and any other Three (3)

QUESTION 1 (Compulsory)

Outline the various alternative sources of finance, discussing their advantages and disadvantages.

(Total 20 marks)

QUESTION 2

Discuss how a lending banker might use 'the statement of financial position' when making a lending decision for a business customer. **(Total 16 marks)**

QUESTION 3

Discuss in detail the stages used in the recovery of bad and doubtful debts. **(Total 16 marks)**

QUESTION 4

Discuss the following types of charges:

a) Lien **(4 marks)**

b) Pledge **(4 marks)**

c) Mortgage **(4 marks)**

d) Debenture **(4 marks)**

(Total 16 marks)

QUESTION 5

Discuss in detail four (4) types of borrowers found in the bank. **(Total 16 marks)**

SECTION B

Answer any Two questions

QUESTION 6

a) Outline the advantages and disadvantages of documentary collections to the exporter and importer. **(8 marks)**

b) Who are the parties to a documentary credit? Discuss how a documentary credit works. **(8 marks)**

(Total 16 marks)

ZIBFS

QUESTION 7

Discuss in detail, the following important shipping terms called **INCOTERMS** (international commercial terms) are often used in international trade:

a) FAS-Free alongside ship

b) FOB-Free on board

c) CFR-Cost and freight

d) CIF-Cost, insurance and freight

(Total 16 marks)

QUESTION 8

Using practical examples, discuss in detail what it 'appreciation' and 'depreciation' of currency are.

(Total 16 marks)

ZIBFS

END OF EXAMINATION

Sources of finance

1. Loan
2. Trade credit
3. Hire purchase
4. Lease
5.

1. Conciliation
2. Cost come first go
3. Remedies of the parties of default